



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

COÖPERATIVE DISTRIBUTION.

THE story of Coöperative Distribution in the United States opens in the decade 1830-40. The New England Association of Farmers and Mechanics, which held its first convention in February, 1831, was apparently the earliest organization to introduce and discuss resolutions upon this subject. The topic was agitated in different labor organizations in that decade, and some stores were started. These early experiments soon disappeared, leaving no accessible records behind them. In October, 1845, a dozen persons opened a store in an upper chamber over the Boylston Market, Boston. Its first purchases were a box of soap and a half chest of tea. Out of this little germ grew an enterprise that, in its best days, carried on a trade of from \$1,000,000 to \$2,000,000 per annum. The store was started by members of The Workingmen's Protective Union. The local divisions formed branches of a central supply agency. The trade of the association was reported as follows: 1848, \$112,507.79; 1849, \$220,801.60; 1850, \$535,338.56. In 1849 its name was changed to the New England Protective Union. An analysis of the returns to the Central Division for the year ending December 31, 1850, shows the number of divisions to have been 106, 83 of which returned a membership of 5109, while 84 returned a capital of \$71,890.36. The highest amount held by any one division was \$2765.51, the lowest being \$150, averaging thus \$855.63. For the succeeding quarter, 67 divisions reported having purchased through the central agency to the extent of \$102,341.04, an average of \$1527.47. The largest trade made at this time by one division was by No. 55, of New Bedford, which in 1849 made a total sale of \$31,278.64. The amount purchased through the agency in nine months of 1851 was \$619,633.16. By October, 1852, the number of divisions had

grown to 403, of which 167 reported an aggregate capital of \$241,712.66, and of which 165 divisions gave an aggregate of sales for the year of \$1,696,825.46.

Discord finally split the organization. The new branch took the name of The American Protective Union. The old organization showed, in 1855, 72 divisions reporting, with 4527 members, an aggregate business of \$1,130,719.29. The decline set in the next year. The new branch did a business, between 1853 and 1858, ranging from \$1,000,000 to \$1,536,000 per annum. In 1859, the board of government believed that there were 600 stores in operation. By this time the decline had begun in this branch also. The aggregate business for 1859 was only \$930,376.36. Both branches were soon practically defunct. The great majority of the local stores were gradually wound up, or passed into ordinary joint-stock concerns or into private hands. The civil war put an end to most of the few that lingered on that far. A handful endured even that strain, and some live still, under new names generally; *e. g.*, the stores in Worcester, New Bedford, Natick, etc. The Natick store presents a fine example of fidelity to true coöperative principles and of continued prosperity. It has been now in existence for twenty-two years. Its semi-annual dividends have always been ready promptly. The capital stock, originally fixed at \$2000, has been raised to \$6000. It is held now by 564 members in \$10 shares. Its last report (Dec. 30, 1882) shows sales for the year of \$129,265, from which there were net profits of \$2298, a return of \$3.60 on each share of \$10. Of experiments outside of Massachusetts during the period before the civil war no reliable data are at hand.

Fincher's "Trade Review" recorded the renewed interest that showed itself in many quarters in the opening of the decade 1860-70. It gave accounts of meetings held to agitate the subject, of calls for information, for lectures, etc. It noted, between November, 1863, and May, 1866, the establishment of thirty-six stores in ten States. A number of other stores were mentioned as projected. The extent of this movement we may better judge from the fact that the "Review" noticed a conference of coöperative stores in Boston, wherein a plan for a wholesale store was recommended, and a contemplated conference of the stores in New York State. Some of these stores started off with great encouragement. The Providence store made sales of \$1200 in

the first week, and of \$1500 in the second week, and the sales rose within six months to as high as \$600 a day. The Troy store sold to the extent of \$5000 in the first two weeks. The Roxbury and Charlestown stores even reported sales of \$6000 each in the first week. Cheering tidings of progress were noted from time to time in the "Trade Review." The South Reading store reported for the ninth quarter sales of \$11,801.25. The Troy store made sales in its first six months of \$36,825.43. The Chelsea store claimed sales in its first year of \$90,000.

Alongside of these signs of success appear brief records of stores that had failed. The "Review's" chronicle closes in May, 1866, the paper then going out of existence, and we lose our only general guide for this period. We find, however, scattered local data, indicating a continuance of the movement. Massachusetts reported, officially, in 1868, the existence of twelve distributive associations in eleven towns. Their united capital amounted to \$47,000, and the aggregate membership to 1859. Other stores followed in the same State. Sporadic developments of stores appear to have taken place through the country. Some of them have continued in operation to the present time and have won notable successes. The First Worcester Coöperative Grocery and Provision Store was organized in 1867. In 1875 it reported 590 members, and an annual sale of \$75,000. In 1881 it reported a paid-up capital of \$5000, with reserves of \$1113. The Acushnet Coöperative Association was organized for the sale of groceries in 1867. It reported, in 1875, a membership of 100, a share-capital of \$6900, in shares of twenty-five dollars, assets amounting to \$13,622, an annual trade of \$71,000, and a dividend of about thirty-two per cent. on the members' capital. During the three years ending with 1874 the association paid dividends amounting to 240 per cent. on its share-capital.

The Fall River Workingmen's Coöperative Association was organized in 1866 as a joint-stock company. After about three years' experience, it re-organized on the Rochdale plan. At the close of its first year it had sixty-five members and a share-capital of \$3600. By the close of 1874 its membership had increased to 260, and the share-capital to \$19,734, while its assets were about \$50,000. During 1874 its sales were \$79,615, and its net profits for the year were \$9155. In the eight years of its existence up to 1875, the store had sold goods to the value of \$425,277; had paid to members, as interest and dividends, \$38,179; and

had divided among purchasers, not members, \$4757. In 1881 the association reported a paid-up capital of \$17,381.

Under the pressure of the hard times in the next decade (1870-80), the Order of the Patrons of Husbandry (founded in 1867) took on large proportions. In six months of 1873 more than 10,000 granges were formed. The membership doubled in 1874. At the meeting of the National Grange, in November, 1875, the secretary reported 24,290 granges, with a membership of 763,263. The minutes of the National Grange show from the start a discussion of various schemes of coöperation, with references to experiments actually made. The favorite method was an imperfect form of coöperation, in which each local grange resolved itself into a purchasing club, and the various granges of a State united to support a general agent, who, combining the orders of the scattered clubs, bought in large quantities at a considerable discount, and shipped by car-load to the several granges at reduced rates. The business of these agencies became immense. Pennsylvania had an agency-store in Philadelphia filled from top to bottom with samples. The Ohio agency, in one year (1875), ran a business of a few thousand dollars to "not far from one million," with a saving to the granges of \$240,725.40.

The "Economist" of November 8, 1876, declared that "their records show twenty State purchasing agencies, three of which do each an annual business of \$200,000, and one of which does an annual business of \$1,000,000. Patrons have five steam-boat or packet lines, fifty societies for shipping goods, thirty-two grain elevators, twenty-two warehouses for storing goods." Some of the grange organs made huge claims as to the savings thus effected. "The P. of H. saved \$5,000,000 in 1872 and \$12,000,000 in 1874." This system of State agencies assumed proportions beyond the business talent and experience the Order could furnish, and great losses ensued.

The attention of the Order was drawn to purer forms of coöperation. The subject of local stores was discussed at great length. The ninth session of the National Grange (1875) presented a careful plan of organizing such stores, conforming in essential particulars to the Rochdale model. This was widely scattered through the Order, and, it is believed, was generally followed in the experiments made. Unfortunately, there are in print no accurate accounts of the spread of these stores and of their experiences. The "Economist," in 1876, declared: "It is quite

impossible to enumerate the grange stores, but one hundred and sixty are recorded." The official records of the National Grange use only general language: "Local stores are in successful operation all over the country" (1879). "There are large numbers of coöperative associations in various sections of the country. . . . Some have succeeded beyond the most sanguine expectations of those interested in them; others have failed" (1881).

Educational influences were contemplated and secured in these coöperative associations. The local granges met stately, often in their own halls, to discuss economic and other questions. They established circulating libraries and schools of agriculture.

The reaction usual to all rapidly developing movements befell this Order in the latter part of the decade, aggravated by the relaxing effects of returning national prosperity. Of late, however, there appears to be a revival in the Order.

A second great organization furthering coöperation arose in 1874—the Sovereigns of Industry. This was a secret Order, with ritual, etc., open to all classes except lawyers.* The preamble to the constitution of the National Council stated its object thus:

"It will try to establish a better system of economical exchanges, and to promote, on a basis of equity and liberty, mutual fellowship and coöperative action among the producers and consumers of wealth."

The growth of the Order was rapid. Within forty days from the organization, councils were formed in eighteen States. At the first annual meeting of the Massachusetts Council (December, 1874), one hundred councils were represented, with ten thousand members. The second annual council reported one hundred and sixty-six councils with twenty thousand members. In 1877, the National Council had reports from councils in seventeen States and territories. At first the members of a local council used to club together in buying at a certain store, saving thus from ten to twenty per cent. They would buy flour by the carload, saving from two to three dollars a barrel. A general distributing agency was established in Chicago, through which all local councils could procure goods direct at cost. The General Council urged upon the Order the establishment of coöperative

* It is a notable fact that both of these Orders were open to women, and that the S. of I. made women eligible to every position in their ranks; some of the councils electing women as presidents.

stores upon the Rochdale system, and clearly and accurately enunciated the principles and methods of that system in a plan printed for free distribution. The advice seems to have been widely followed. The report of the Committee on Methods of Trade reported fifty stores in Massachusetts in 1875. The "Sovereigns' Bulletin" of May, 1875, mentions that "within the past few months a large number of coöperative stores have been started by members of the Order in many different States."

By 1877 the number of stores reporting to the Massachusetts Council had fallen to twenty-nine, fifteen of which were joint-stock companies and fourteen of which were carried on upon the Rochdale plan, with total sales per month of \$49,806. There were eight stores not reporting to the council. The address of President W. H. Earle to the National Council in Syracuse, March 20, 1877, said :

"Ninety-four (94) councils, selected from the whole, report a membership of 7273, and with an average capital of only \$884 did a business last year of \$1,089,372.55. This was equal to a saving of \$21 to every man and woman belonging to these councils. It is safe to assume that the unreported sales will swell the amount to at least \$3,000,000, which, at the same ratio of profit as above reported, would make a saving of \$420,000."

The president's address to the fourth annual council (1878) presented returns from seventy-five stores. Forty-five councils reported an aggregate trade for the year of \$750,000; while thirty-five councils reported capital in the stores they represented of \$58,000. It was proposed at this time to create a coöperative exchange, under the title of The New England Sovereigns of Industry Board of Trade, to promote direct coöperative trade or exchange.

Ten of the leading stores reporting to the Order showed an average capital of \$2630, with an average trade of \$34,000. "It is worthy of note," says the address, "that all these stores have conducted their business upon the Rochdale plan." The address further stated that "nearly the entire trade reported has been conducted on the Rochdale plan." Some of these stores have continued prospering to the present time. The Silver Lake Coöperative Association commenced business in July, 1875, with a capital of only \$430. In 1877 it had a capital of \$1200, and did a business per annum of about \$15,000. Its expenses, all told, were about \$912 a year. In 1881 its paid-up capital was \$1770;

sales not reported. The Old Colony Coöperative Association, Kingston village, opened its store in 1875, and in 1877 was doing business at the rate of about \$30,000 per annum. It reported for 1881 a paid-up capital of \$4680, with a balance of profits of \$419. The Saxonville store was, in 1877, doing business to the amount of \$48,000 per annum, on a capital of \$1700.

In 1878 the Order was considering larger plans, *e. g.*, a wholesale store, a warehouse, etc. But soon after this serious troubles were experienced in the Order, whose nature is only partially divulged in the reports of its councils and the columns of its organs. All other sources of trouble were aggravated by the relaxing of the pressure of hard times that had forced men into combination. The founder and chief leader of the Order seems to have labored heroically, in a thoroughly religious spirit — but in vain. In April, 1880, the "Sovereigns' Bulletin" noticed a meeting of the Executive Committee of the National Council, which would "probably take some final and definite action as to the Order." There is no record of the funeral.

In addition to these organized movements to build up coöperative distribution, there have been, from 1870 onward, numerous stores springing into being, from purely local interest. Massachusetts reported, from the best information to be procured, in 1875, fifteen independent stores as having been organized since 1870, with an aggregate capital of \$29,260; and twenty such stores as then in operation, with a capital of \$67,351. This shows that five stores had lived on from the preceding decade, averaging a capital of over \$7500. In addition, there were several societies mentioned as not reporting to the State. Eight societies, reporting officially to the Labor Bureau, gave aggregate sales of \$500,000 per annum.

In New York State we find both failures and successes during this period. Two of the latter may be noted. The Farmers' and Mechanics' Trading Company, Seneca Falls, was founded in 1872, and re-organized in 1878. Its tenth annual report (Dec. 31, 1882) shows sales for the year of \$13,386.97, an increase of over \$1500 upon the preceding year. The net profits for the year were \$721.62. It has already paid in dividends more than the amount of capital invested in 1872, and the undivided profits are now equal to the sum of eighty per centum in excess of the capital still remaining invested in the business. The Port Jervis Coöperative Association, founded in 1878, in its seven-

teenth quarterly report (March, 1882) shows sales during the quarter of \$10,500, being an increase of \$2000 upon the same quarter of the previous year. It declared an annual dividend of six per cent. on the stock and of three per cent. to all purchasers. The profit accruing to the reserve fund amounted to \$120. The association was at this time considering propositions to buy a central lot and build a store thereon, and to connect the present store with various points in the suburbs by telephone.

New Jersey had a number of stores started in this period, details of which the Labor Bureau finds it hard to get at. The Raritan Woolen Mills Coöperative Association, one of the most successful ventures in the State, it is believed, was organized with a capital of \$2810, and has now a capital of over \$9670. The sales for the year ending October 8, 1880, were \$95,821.39, and for the six months ending April 8, 1881, were \$54,590.45, or over \$9000 per month. Ten per cent. has been paid on the capital stock and from five to six per cent. on the purchases. Ohio gave birth to a number of experiments in this decade. Accounts are had of eight stores in 1877. Their sales ranged from \$2500 to \$66,000 per annum, and their net profits from \$170 to \$6300 per annum. In Pennsylvania two examples of successful stores may be taken from the extreme sections of the State. The Neshannock Coöperative Society, Neshannock Falls, Lawrence County, was founded early in 1874. Its thirty-fifth quarterly report (January 31, 1882) shows sales for the quarter of \$10,307.53, with profits of \$1057.85.

The most brilliant success achieved in the country has been won by the Philadelphia Industrial Coöperative Society (limited). It was incorporated in 1875. Starting with one store, it has now six stores: a main store, a store for boots and shoes, one for meats and provisions, one for dry goods, and two branch stores. Its first quarter's sales were about \$2600. Its sales for the quarter ending February 18, 1882, were \$51,413.63, being an increase upon the preceding quarter of over \$11,000. The gross profits for the quarter were \$4516.52, which, after paying the usual claims of share-capital, fixed stock, and legal reserve, and four per cent. on non-members' purchases, enabled the society to pay a dividend on members' purchases of nine per cent., and still left a small balance. There are now upward of a thousand members.

There have been some curious phases of coöperative distribution. The dividing stores of Fall River bade fair at one time to

create a clearly marked species. The earliest opened was in 1865, in a wooden shed owned by a mill corporation. By 1874 there were 34 such stores. The number of families represented at this time was about 1200. These stores did not cherish any of the nobler sentiments which animated the Rochdale weavers, nor did they embody the practical wisdom of those sagacious Yorkshiremen. They seem to have sold as near cost as possible, and to have had no educational or other fund. The saving effected was not made plain to all the members, as is done where the usual prices are followed, and the profits are set aside as dividends. So when, in 1874, a strong firm of grocers from Boston opened a branch in Fall River, their low rates cut out most of the dividing stores. There are now seven of them in existence, representing a membership of about 1200 persons. There is in Philadelphia a store started, built up, and chiefly managed by women. A small number of women, three winters ago, bought their groceries together at wholesale — barrels of flour, chests of tea, bags of coffee, etc.— and distributed them among themselves. They were so well pleased with the experiment that they formed a Working People's Coöperative Association, with shares at \$2 each. They have opened a store on Mondays, Wednesdays, and Saturdays, from 7 to 10 P. M., when one of the women is in charge. Shares have been reduced to \$1 apiece. A small profit is charged for rent and other expenses. There was a store in Springfield, Ohio, early in the decade 1870-80, whose membership was confined to colored people.

A renewed activity in coöperative distribution marks the current decade. Stores are reported as starting up in many sections of the country: four in New Jersey, four in Pennsylvania, seven in Michigan, etc. Even distant Montana is stirring itself. Some of these new societies start off vigorously. The Dorchester store (organized 1880) reported sales for 1881 of \$30,000. The Lansing (Mich.) store began in a small way with a paid-up capital of only \$300, and is now doing a business of upward of \$32,000 per annum. Troy (N. Y.) has lately opened a store with a fine spirit of determination on the part of one or two members — young men who have been several times disappointed already, but are resolved to make a success of this venture by shouldering the chief labor of it. Another instance of the same determined spirit — to which coöperation has always owed its successes — is found in Springfield, Ohio, where, after repeated failures, a new store is

about to be started through the agency of a few sturdy souls. As already indicated, the Patrons of Husbandry seem to be reviving, and in the new impetus of this Order coöperation is sharing.

The late secretary of the National Grange writes: "Hundreds of coöperative stores upon the Rochdale plan are in successful operation all over the country, while a number of large wholesale or supply houses are running at various centers." That this is no empty boast is evidenced by the official reports from one State, and that a frontier State. The Texas Coöperative Association, Patrons of Husbandry, in its third annual report (July, 1881), gives seventy-five coöperative granges as connected with it. The general manager reports (May, 1882) 103 distributive associations. He writes: "Our growth has astonished all alike. We have not had a single failure where the true Rochdale principles have been adhered to." The secretary writes (April, 1882): "The business is a wonderful success thus far."

Two new labor organizations have come to the front with the present decade, each of which emphasizes coöperation. The Central Labor Union, a federative body of the trade associations of New York City, in its first semi-annual report (July, 1882) presents coöperation as one of its chief aims. The Knights of Labor, the newest national order, seeks, according to the fourth plank in its declaration of principles, "the establishment of coöperative institutions, productive and distributive." The claim this Order makes as to membership warrants the hope that if it seriously essays to embody this principle, something substantial may result to the cause of coöperation.

This bird's-eye view of the story of coöperative distribution in the United States shows a very much larger development than is usually supposed. Owing to the obscurity incident to these humble enterprises, their shrinking from public notice and the ephemeral character of many of them, data are peculiarly hard to gather; so that the probability is that the real extent of this movement is very imperfectly indicated in this paper. Most of the experiments have undoubtedly been failures. The causes of this non-success appear to have been largely those experienced in the Old World. Incompetent and dishonest management, selfish and impatient members, vicious methods of doing business recur with saddening iteration in the history of these stores. Larger social forces have made our country, thus far, a hard field for coöperation. The general

prosperity of the nation has indisposed men to small savings, and active competition has cut prices in most necessities to a figure that has left little margin for such stores. Mr. Quincy's conclusion confirms the general experience in this country, as in England, that "stores on the Rochdale plan are not adapted to large cities." Philadelphia's development of thrift in her wage-earners, and the education in association won by them in the wonderfully successful building and loan associations of that city, probably explain her exceptional experience. It is, however, an exaggeration of the ill-success of this movement to say, with Mr. Barnard, in "Coöperation as a Business," that, "in this country distributive coöperation has been marked by almost utter failure." Enough has been indicated of real success to make it seem probable that before long, with the rapid oncoming of new and harder conditions for the workingmen of this country, Mr. Collyer's jesting assurance to George Jacob Holyoake, at the reception tendered him last autumn, may turn out literally true: "We have been altogether too comfortable hitherto to do much in coöperation, but by and by we will show you the biggest thing out in this line."

R. HEBER NEWTON.